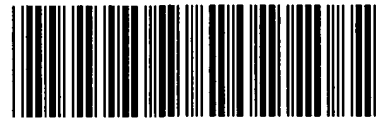


GENTING UK PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
COMPANY REGISTRATION NUMBER: 01519749

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GENTING UK PLC
FOR THE YEAR ENDED 31 DECEMBER 2018

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GENTING UK PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their strategic report on the Group for the year ended 31 December 2018.

Principal Activities and Business Review

During the year, the principal activity of the Group was the operation of casinos.

Genting UK plc is one of the largest casino operators in the United Kingdom with 40 casinos, 7 of which comprise the High End division (including 1 in Cairo) and 33 casinos throughout the UK, primarily comprising the Core division.

The Group also operates Resorts World Birmingham ('RWB') which opened in October 2015, comprising the Genting International Casino, Genting Hotel, Santal Spa and Gym, 11-screen cinema, the Vox conferencing facility and a number of outlet shops, restaurants and bars. The Group also has the naming rights to the second largest concert arena in the UK, renamed to Resorts World Arena in 2018, which is located next door to RWB.

Genting UK plc also operates a hotel in Mayfair, London and owns a portion of the freehold of the building occupied by the Metropolitan Hotel in Mayfair. The Group sublets this property to an external party on a long term lease.

In 2017 the Group acquired the trade and assets of Genting Alderney Limited, a fellow subsidiary of Genting Malaysia Berhad. Genting Alderney Limited controlled and operated the Genting online gambling platform for the UK, and therefore consolidating this within the existing UK Group was considered necessary in order to drive operational synergies and improve customer offering.

In September 2017 the UK Board made a decision to place Coastbright Limited, the entity which owns and operates Maxims Casino London, up for sale. The decision was made in order to align the high end casino offering with the long term strategic objectives of the Group. The Group was in an advanced stage of the sale process as at 31 December 2018 and therefore this continues to meet the criteria of IFRS 5 'Non Current Assets Held for Sale and Discontinued Operations' (see note 15).

Genting UK plc is a subsidiary of Genting Malaysia Berhad, a company incorporated in Malaysia and currently listed on the Bursa Malaysia Securities Berhad ("Bursa Malaysia"). Genting Malaysia Berhad is a leading premier provider of leisure and entertainment services, and own a number of integrated resorts across the world. The ultimate parent undertaking is Genting Berhad, a company incorporated in Malaysia and whose shares are listed on the Bursa Malaysia.

The board of directors of Genting UK plc is responsible and accountable for the Group's operations. A strong and experienced senior management team implements the policies and directions set by the board.

During the year management has reviewed the carrying values of gaming licences and property, plant and equipment, and accordingly no impairment has been recognised (2017: no impairment) (see note 8A and 9A).

Results and dividends

Group revenue on continuing operations for the year ended 31 December 2018 was £322.1m (2017: £337.7m); operating profit from continuing operations after exceptionals was £9.5m (2017: £16.3m) and profit before tax from continuing operations after exceptionals was £1.9m (2017: £8.6m).

The directors do not recommend payment of a dividend (2017: £nil).

In 2018 revenue decreased by 12% over prior year in the High End division and by 6% in the Core division. RWB revenue remained relatively flat, whilst the Group also benefited from £8.4m of additional revenue following the first full year of trade of the Interactive business following the acquisition from Genting Alderney Limited in 2017. Gross profit before exceptional items for the Group was £11.8m.

The profit before tax and exceptional items on continuing operations for the year was £4.1m (2017: £6.0m) before exceptional expenses of £2.2m (2017: income £2.6m). The profit for the year has been offset by actuarial losses, net of deferred taxation, of £1.8m (2017: gain £0.9m) and cash flow hedging losses of £0.5m (2017: £nil) which has resulted in an increase in the Group's net assets from £338.7m at 31 December 2017 to £339.6m at 31 December 2018.

The UK casino market has faced increasing pressure during the course of 2018 due to a rise in regulatory and political pressure, slow economic growth, and weakened consumer confidence in the face of Brexit. The UK business has remained resilient against this challenging backdrop as it continues to benefit from strategic changes implemented in previous years. There is not expected to be a material impact on future performance as a result of Brexit.

The RWB resort has gone from strength to strength in 2018 whereby footfall has increased by 7% year on year to 3.8 million visitors, resulting in a significant improvement in profitability. The business has invested heavily in the resort during the year, including the renovation of a new luxurious spa, and the multi-million pound refurbishment of the Sky by The Water Bar & restaurant. The strategy of the resort continues to adapt to changing market conditions, as the business tilts to a more leisure-focussed offering due to the challenges facing the UK retail sector.

GENTING UK PLC
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Revenues generated by the online business have grown significantly in 2018, rising by nearly 50% year on year to £17.0m (2017: £8.6m). The business has benefited from greater marketing investment in the year, and the focus in 2019 will be to continue growing revenue and take advantage of expansion opportunities in regulated markets both in and outside of the UK, including the expansion of the online business into Malta.

Future Developments

The focus of the Group over the coming year includes strengthening the Group's market share position in the Core business segment and improving business efficiency. The Group will also focus on growing business volumes at RWB and will continue to monitor its marketing strategies in the High End segment. This follows the continuing adverse effects of events first encountered in Asia in 2015 which have led to a more challenging business environment.

Principal Risks and Uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risks affecting the Group are considered to relate to competition, high roller activity, the taxation regime, and the regulatory framework.

Trends and risks are the focus of monthly management meetings where performance is reviewed against budget and the prior year. Regulations are constantly monitored to ensure any adverse impacts are minimised and managed. The Group aims to offset competitive forces with an emphasis on customer services.

The directors manage the Group's operations on a divisional basis.

Key Performance Indicators

The directors consider the key performance indicators to be attendance and average spend per customer. Total number of casino attendances in the year reduced by 6% to 3,682,000. Average casino spend per customer in the year decreased by 1% to £87.90.

Financial Risk Management

The Group's approach to financial risk management is detailed in the accounting policies on page 23.

Treasury Policy

Where there is a legal right of offset, the Group makes offsetting arrangements, whereby cash surpluses are offset against overdrafts elsewhere in the Group.

Draw downs on revolving credit facilities are controlled centrally for varying periods depending on market rates and cash flow projections.

The Group is exposed to interest rate risk on borrowings and limited exchange rate risk within working capital. Where appropriate, the Group uses interest rate and exchange rate instruments to achieve what it considers to be a balanced risk profile.

Details of the Group's financing arrangements is included in note 17 to the financial statements.

Environment

Although the Group is considered to have low environmental risks, it recognises that the business does have an impact on the environment. The Group is committed to developing methods of working which are environmentally responsible. Energy and water conservation and effective waste management continue to be a central focus.

On behalf of the board



Peter Malcolm Brooks
Director
28 February 2019

GENTING UK PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2018.

Future Developments

Details of future developments are provided in the strategic report on page 2.

Dividends

The directors do not recommend payment of a dividend (2017: £nil).

Directors

The directors who have served during the year, and up to the date of signing the financial statements, were:

Tan Sri Kok Thay Lim
Lord K.W. Baker of Dorking
Dato' Sri Choong Yan Lee
Peter Malcolm Brooks
Lim Keong Hui

Corporate Social Responsibility

The Group appreciates its responsibilities in respect of social, environmental and ethical matters and upholds the highest standards of operations and conduct. As a socially responsible group of companies, Genting UK plc is focused on contributing positively to the development of the economy and the community in all areas where it operates.

Genting UK plc actively promotes and supports responsible gaming. In advocating responsible gaming in our casinos, we continue to disseminate information on responsible gaming through printed and online channels. As a responsible member of the casino gaming industry, we are resolutely committed to the development of awareness, prevention and counselling programmes for problem and underage gambling, both on our premises and in the wider community in which we operate.

Genting UK plc is an active contributor to the Responsible Gambling Trust, which funds research and education into problem gambling in the UK. In addition, the Group supports the work of Gamcare, a registered charity, and publicises the services they offer to individuals with gambling problems. The Group expects to make a donation to the Responsible Gambling Trust of 0.1% of Gross Gaming Revenue ('GGR') in 2018, which is consistent with previous years.

Health and Safety

The Group takes all reasonable and practicable steps to safeguard the health, safety and welfare of employees and customers. The directors receive regular reports and updates on health and safety matters. Operational management has responsibility for effective management of health and safety in the business in accordance with the Group's health and safety policies and manuals which define the Group's approach to compliance with relevant legislation.

Employees

The Group recognises that the success of its business is fundamentally linked to the contribution made by its employees. The Group strives to attract, motivate and retain quality employees by offering competitive salary and benefits packages, investing in employee development and training programmes and encouraging employee involvement and communication. The Group's human resources policies and strategies are focused on striking a balance between improving productivity, job enhancement and the ensuing rewards.

The Group ensures that employees receive information about the financial and economic factors affecting the business by regular management meetings, a quarterly newsletter and staff conferences. The Group has regular consultation with employees so that employees' views can be taken into account in making decisions that are likely to affect their interests. An Employee Forum continues to improve further communication with employees.

The Group endorses the principles of equal employment opportunities in the selection, career development and promotion of employees, regardless of gender, orientation, ethnic origin, religion and whether disabled or otherwise. If members of staff become disabled the Group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Post Balance Sheet Events

Post year end, the Group took the decision to close one of its Core Casinos (see note 27).

GENTING UK PLC
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Going Concern

Notwithstanding the fact that the Group has net current liabilities amounting to £48.3m (2017: £65.1m) the directors have prepared the financial statements on a going concern basis as the Group has received confirmation from Genting Malaysia Berhad of its intention to continue its financial support for a period of at least 12 months from the approval of these financial statements.

Directors' Indemnity Insurance

The Company maintained a qualifying third-party directors' and officers' liability insurance policy throughout the financial year and up to the date of signing the financial statements.

Exceptional Items

Details of exceptional items incurred in the year are provided in note 3 to the consolidated financial statements.

General Information

The Company is a limited company which is incorporated and domiciled in the United Kingdom. The registered office is Genting Club, Star City, Watson Road, Birmingham, England, B7 5SA. The registration number is 01518749.

The immediate parent undertaking is Genting International Investment (UK) Limited. The ultimate parent undertaking and controlling party is Genting Berhad, a company incorporated in Malaysia and whose shares are listed on the Bursa Malaysia.

Overseas Branches

The Group has an overseas branch in Egypt.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

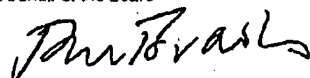
- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2008. In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

On behalf of the board



Peter Malcolm Brooks
Director
28 February 2019

Independent auditors' report to the members of Genting UK Plc

Report on the audit of the financial statements

Opinion

In our opinion, Genting UK Plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2018 and of the group's profit and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 December 2018; the consolidated income statement and the consolidated statement of comprehensive income, the consolidated and company statements of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Genting UK Plc

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Mark Jordan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 February 2019

GENTING UK PLC
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note(s)	2018			2017		
		Before exceptional items £m	Exceptional items £m	Total £m	Before exceptional items £m	Exceptional items £m	Total £m
Revenue	2	322.1	-	322.1	337.7	-	337.7
Cost of sales	3	(310.3)	(2.2)	(312.5)	(321.8)	(0.5)	(322.3)
Gross profit		11.8	(2.2)	9.6	15.9	(0.5)	15.4
Administration expenses		(4.5)	-	(4.5)	(6.7)	-	(6.7)
Other operating income		4.4	-	4.4	4.5	3.1	7.6
Operating profit from continuing operations	2, 4	11.7	(2.2)	9.5	13.7	2.6	16.3
Finance costs	6	(7.6)	-	(7.6)	(7.7)	-	(7.7)
Net finance costs	6	(7.6)	-	(7.6)	(7.7)	-	(7.7)
Profit before tax from continuing operations	4	4.1	(2.2)	1.9	6.0	2.6	8.6
Tax charge	7	(2.2)	-	(2.2)	(0.7)	0.1	(0.6)
Profit/(loss) for the year from continuing operations	3	1.9	(2.2)	(0.3)	5.3	2.7	8.0
Profit for the year from discontinued operations	15	3.1	-	3.1	3.9	-	3.9
Profit for the financial year		5.0	(2.2)	2.8	9.2	2.7	11.9

All profits and losses are attributable to the owners.

The Group has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company income statement.

The notes on pages 13 to 50 form an integral part of these financial statements.

GENTING UK PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Group	
	2018 £m	2017 £m
Profit for the year	2.8	11.9
Other comprehensive (expense)/income:		
Items that may be reclassified to profit or loss:		
Loss on cash flow hedges (note 17)	(0.5)	-
Items that will not be reclassified to profit or loss:		
Gain/(loss) on translation of foreign operations	0.4	(0.4)
Actuarial (loss)/gain recognised on the pension scheme	(2.2)	1.1
Deferred tax in relation to actuarial loss/(gain)	0.4	(0.2)
Total other comprehensive (expense)/income for the year, net of tax	(1.9)	0.5
Total comprehensive income for the year	0.9	12.4

There is no comprehensive income in relation to discontinued operations.

All comprehensive income is attributable to the owners.

The notes on pages 13 to 50 form an integral part of these financial statements.

GENTING UK PLC
CONSOLIDATED AND COMPANY BALANCE SHEETS
AS AT 31 DECEMBER 2018


	Note	Group 2018 £m	2017 £m	Company 2018 £m	2017 £m
ASSETS					
Non-current assets					
Intangible assets	8	260.7	262.1	-	-
Property, plant and equipment	9	312.1	311.6	-	-
Investments	10	-	-	318.0	318.0
Investment property	11	56.6	57.1	-	-
Trade and other receivables	13	10.3	10.8	-	-
Deferred tax asset	19	-	-	0.8	0.4
Total non-current assets		639.7	641.6	318.8	318.4
Current assets					
Inventories	12	2.4	2.4	-	-
Trade and other receivables	13	25.8	34.1	290.4	319.9
Cash and cash equivalents (excluding overdraft)	14	41.3	68.0	-	-
Current tax assets		0.7	2.5	-	-
Assets held for sale	15	8.8	9.0	-	-
Total current assets		79.0	116.0	290.4	319.9
Total assets		718.7	757.6	609.2	638.3
LIABILITIES					
Current liabilities					
Trade and other payables	16	(99.2)	(118.1)	(73.4)	(73.5)
Borrowings	17	(24.7)	(56.7)	(24.7)	(56.7)
Derivative financial instruments	17	(0.3)	-	(0.3)	-
Current tax liabilities		-	-	(0.7)	(1.3)
Provisions for liabilities and charges	20	(0.5)	(0.6)	-	-
Liabilities held for sale	15	(2.6)	(5.7)	-	-
Total current liabilities		(127.3)	(181.1)	(99.1)	(131.5)
Net current (liabilities)/assets		(48.3)	(65.1)	191.3	188.4
Non-current liabilities					
Trade and other payables	16	(99.7)	(97.0)	(99.7)	(97.0)
Borrowings	17	(94.4)	(84.1)	(94.4)	(84.1)
Derivative financial instruments	17	(0.2)	-	(0.2)	-
Deferred tax liabilities	19	(50.2)	(51.1)	-	-
Provisions for liabilities and charges	20	(2.8)	(3.3)	-	-
Defined benefit pension liability	18	(4.5)	(2.3)	(4.5)	(2.3)
Total non-current liabilities		(251.8)	(237.8)	(198.8)	(183.4)
Total liabilities		(379.1)	(418.9)	(297.9)	(314.9)
TOTAL NET ASSETS		339.6	338.7	311.3	323.4
CAPITAL AND RESERVES					
Ordinary share capital	21	74.5	74.5	74.5	74.5
Share premium		100.6	100.6	100.6	100.6
Capital redemption reserve		15.3	15.3	15.3	15.3
Revaluation reserve		38.5	38.5	0.8	0.8
Capital reserve		5.3	5.3	-	-
Other reserves		19.6	19.7	23.2	23.7
Retained earnings		85.8	84.8	98.9	108.5
TOTAL EQUITY		339.6	338.7	311.3	323.4

Registered number: 01519749

GENTING UK PLC
CONSOLIDATED AND COMPANY BALANCE SHEETS
AS AT 31 DECEMBER 2018

The notes on pages 13 to 50 are an integral part of these financial statements.

The financial statements on pages 7 to 50 were approved by the Board of Directors on 28 February 2019 and signed on its behalf by:


Peter Malcolm Brooks
Director
Registered number: 01519749

GENTING UK PLC
CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Group		Company	
		2018 £m	2017 £m	2018 £m	2017 £m
Cash flows generated from operating activities	24	20.0	55.2	-	-
Cash flows used in investing activities	25	(21.3)	(5.5)	-	-
Cash flows generated/(used in) from financing activities					
Proceeds from borrowings		25.0	32.5	-	-
Repayment of borrowings		(47.0)	(55.5)	-	-
Interest paid		(3.4)	(3.9)	-	-
Net cash flows used in financing activities		(25.4)	(26.9)	-	-
Net (decrease)/increase in cash and cash equivalents		(26.7)	22.8	-	-
Movement in cash and cash equivalents					
Net cash and cash equivalents at the beginning of the year		68.0	45.2	-	-
Net (decrease)/increase in cash and cash equivalents		(26.7)	22.8	-	-
Cash and cash equivalents at the end of the year	14	41.3	68.0	-	-

The notes on pages 13 to 50 are an integral part of these financial statements.

GENTING UK PLC

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

Group	Ordinary share capital £m	Share premium £m	Capital redemption reserve £m	Revaluation reserve £m	Capital reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 January 2017	74.5	100.6	15.3	38.5	5.3	20.1	72.0	326.3
Profit for the year	-	-	-	-	-	-	11.9	11.9
Translation of foreign operations	-	-	-	-	-	(0.4)	-	(0.4)
Actuarial gain recognised on pension scheme	-	-	-	-	-	-	1.1	1.1
Deferred tax in relation to actuarial gain	-	-	-	-	-	-	(0.2)	(0.2)
Total comprehensive income for the year	-	-	-	-	-	(0.4)	12.8	12.4
At 31 December 2017 and at 1 January 2018	74.5	100.6	15.3	38.5	5.3	19.7	84.8	338.7
Profit for the year	-	-	-	-	-	-	2.8	2.8
Translation of foreign operations	-	-	-	-	-	0.4	-	0.4
Actuarial loss recognised on pension scheme	-	-	-	-	-	-	(2.2)	(2.2)
Deferred tax in relation to actuarial loss	-	-	-	-	-	-	0.4	0.4
Cash flow hedge loss (note 17)	-	-	-	-	-	(0.5)	-	(0.5)
Total comprehensive (expense)/income for the year	-	-	-	-	-	(0.1)	1.0	0.9
At 31 December 2018	74.5	100.6	15.3	38.5	5.3	19.6	85.8	339.8

Company	Ordinary share capital £m	Share premium £m	Capital redemption reserve £m	Revaluation reserve £m	Capital reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 January 2017	74.5	100.6	15.3	0.8	-	23.7	116.6	331.5
Loss for the year	-	-	-	-	-	-	(9.0)	(9.0)
Actuarial gain recognised on pension scheme	-	-	-	-	-	-	1.1	1.1
Deferred tax in relation to actuarial gain	-	-	-	-	-	-	(0.2)	(0.2)
Total comprehensive expense for the year	-	-	-	-	-	-	(8.1)	(8.1)
At 31 December 2017 and at 1 January 2018	74.5	100.6	15.3	0.8	-	23.7	108.5	323.4
Loss for the year	-	-	-	-	-	-	(9.8)	(9.8)
Actuarial loss recognised on pension scheme	-	-	-	-	-	-	(2.2)	(2.2)
Deferred tax in relation to actuarial loss	-	-	-	-	-	-	0.4	0.4
Cash flow hedge loss (note 17)	-	-	-	-	-	(0.5)	-	(0.5)
Total comprehensive expense for the year	-	-	-	-	-	(0.5)	(11.6)	(12.1)
At 31 December 2018	74.5	100.6	15.3	0.8	-	23.2	96.9	311.3

Goodwill in aggregate of £0.6m (2017: £0.6m) has been charged against reserves in respect of years prior to 2 May 1999.

All items above represent non owner changes in equity.

The notes on pages 13 to 50 are an integral part of these financial statements.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements of Genting UK plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRS Interpretations Committee (IFRS IC) and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared on the going concern basis, under the historical cost convention as modified by the revaluation of certain properties and financial assets and financial liabilities at fair value through profit or loss. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Per s390 of the Companies Act 2006, the directors are required to draw up financial statements within 7 days of the Company's accounting reference date. The Company's accounting reference date is 31 December. Consistent with the normal monthly reporting process, the actual date to which the balance sheet has been drawn up is 30 December 2018 (2017: 31 December 2017). For ease of reference in these financial statements all references to the results for the year are for the year to 31 December 2018 and the financial position at 31 December 2018. The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company income statement. The loss for the Company for the year ended 31 December 2018 was £9.8m (2017: £9.0m).

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, not necessarily equal the related actual results.

Carrying value of property, plant and equipment and intangible assets

The Group carries out reviews of property, plant and equipment and of intangible assets on an annual basis to determine whether events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated as either the higher of net selling price or value in use, the resultant loss or impairment write back (the difference between the carrying value and the recoverable amount) is recorded as a charge or credit in the consolidated income statement. The value in use is calculated as the present value of the estimated future cash flows expected to result from the use of the assets and their eventual disposal proceeds. In order to calculate the present value of estimated future cash flows the Group uses a discount rate based on our estimated weighted average cost of capital, together with any risk premium determined appropriate. Estimated future cash flows used in the impairment calculations represent management's best view of likely future market conditions and current decisions on the use of each asset or asset group. Actual future cash flows may differ significantly from these estimates, due to the effect of changes in market conditions or to subsequent decisions on the use of the assets. These differences may have a material impact on the asset values, impairment, depreciation and amortisation charge reported in future periods.

Onerous Leases

The Group is party to a number of leasehold property contracts. Provision has been made against those leases where the property is now vacant and the unavoidable costs under the lease exceed the economic benefit expected to be derived from potential sub-letting arrangements. The estimated discounted cash flows derived from the property and its associated operations are insufficient to cover the unavoidable lease costs and the lease is therefore deemed onerous. Estimated future cash flows used in the onerous contract calculations represent management's best view of the likely future market conditions relating to each contract.

Defined benefit pension liabilities

As disclosed in note 18, the Group has a commitment under a defined benefit pension scheme. Year end recognition of the liabilities under this scheme and the valuation of assets held to fund these liabilities require a number of significant assumptions to be made, relating to key financial market indicators such as inflation and asset returns. These assumptions are made by the Group in conjunction with the scheme actuaries and the directors are of the view that any estimation should be prudent and in line with consensus opinion.

Recovery of gaming debts

There is significant uncertainty as to the recoverability of gaming debts arising from unhonoured cheques. The directors of the Group take a prudent approach in making full provision against all debts until the cash has been received.

Deferred tax

The recognition of a deferred tax asset is based upon the probability that profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits. The amounts recognised are derived from the Group's best estimation and judgement as described above. Recognition therefore involves judgement regarding the future financial performance of the relevant group companies.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (CONTINUED)

Going concern

Notwithstanding the fact that the Group has net current liabilities amounting to £48.3m (2017: £65.1m) the directors have prepared the financial statements on a going concern basis as the Group has received confirmation from Genting Malaysia Berhad of its intention to continue its financial support for a period of at least 12 months from the approval of these financial statements.

Basis of consolidation

The consolidated financial statements include those of the Company and all of its subsidiaries, together with the Group's share of profits or losses and reserves of its joint ventures and associates. Financial statements are prepared for the financial year ending on the 31 December.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding giving rise to more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Acquired subsidiaries are consolidated using the acquisition method of accounting. Under this method, the cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Where the fair value of the Group's share of the identifiable net assets exceeds the cost of acquisition, the difference is shown as a gain on bargain purchase in the profit and loss account.

Where an acquisition results from a group restructuring where the entities are under common control, the transactions are excluded from the provisions of IFRS 3 and are not subject to fair value adjustment. All differences between purchase price and net assets acquired are charged to other reserves.

Subsidiaries are consolidated from the date of which control is transferred to the Group and no longer consolidated from the date that control ceases.

All inter-company transactions, balances and unrealised gains on transactions within group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator.

Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Exceptional items

The Group defines exceptional items as those non-recurring items which, by their nature or size, would distort the comparability of the Group's results from year to year (please refer to note 3).

Segmental reporting

The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

Management has determined the operating segments based upon the reports reviewed by the board of directors that are used to make strategic decisions.

The Group's business segments are: High End, based on the high roller casinos; Core, based on the remaining casinos throughout the UK; RWB, based on the activities within Resorts World Birmingham; Interactive, based on online activities; and Corporate, based on other non-casino properties and central activities. The group operates predominantly in the UK, with one casino in Egypt.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, in the normal course of business, net of value-added tax, other sales related taxes, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

IFRS 15 is a new reporting standard for Revenue Recognition which became effective on 1 January 2018. The Group has undertaken a comprehensive review as detailed in note 1A of all income streams as a result of the new revenue standard and has concluded that it did not have a material impact upon the financial statements.

Gaming

Gaming revenue represents the gross gaming profit or loss received from casino gaming activities (including casino gaming machines), online gaming services and fees from card room income, net of free bets and other loyalty costs. Amounts stated are before the deduction of gaming-related duties which are included in cost of sales.

Gaming obligations meet the definition of financial instruments under IFRS 9, in line with industry practice. Income derived therefrom is recognised as revenue. Gaming transactions are measured at fair value of the consideration received or receivable from customers.

Hotel and spa income

Hotel and spa revenue represents amounts derived in the UK from the ownership and operation of the hotels and spa. Revenue is stated net of value added tax and is recognised on an accruals basis to match the provision of the related goods and services.

Leasing of assets

Rentals receivable from operating leases are credited to the income statement in equal annual amounts over the term of the lease.

Food and beverage income

The Group's revenue from the sale of food and beverages (excluding value added tax) is recognised at the point of sale.

Other income

Other income includes miscellaneous, operating income generated across the estate, and the profit on disposal of fixed assets.

Dividend income

Dividend income is recognised when the right to receive the payment is established.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are prepared and presented in the functional currency of the Company which is Sterling (£).

Transactions and balances

Foreign currency transactions of each entity in the Group are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale assets, are included to the fair value reserve in equity.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation (continued)

Group companies

The results and financial position of group companies that have a functional currency different from the presentation currency are translated into the Group's presentation currency as follows:

- a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- b) income and expenses for each income statement are translated at average exchange rates; and
- c) all resulting exchange differences are recognised in other comprehensive income.

Property, plant and equipment

All plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated so as to write off the cost/deemed cost of tangible fixed assets, less their estimated residual values, over the expected useful economic lives of the assets concerned, at the following rates:

- Freehold and long leasehold properties are depreciated over 50 years on a straight line basis;
- Short leasehold properties with lease terms of 50 years or less are depreciated over the remaining period of the lease on a straight line basis;
- Leasehold improvements are depreciated over the shorter of the term of the associated lease or 50 years on a straight line basis;
- Fixtures, fittings and equipment are depreciated at rates of 10% - 33% per annum on a straight line basis; and
- Motor vehicles are depreciated over five years on a straight line basis.

Assets in the course of construction are reclassified to the respective classes of property, plant and equipment upon completion of the project.

No depreciation is provided on freehold land or on assets in the course of construction prior to being commissioned.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year that they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount (see accounting policy note on impairment of assets).

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in the income statement.

Assets held for sale and discontinued operations

Non-current assets and associated liabilities are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable.

Assets designated as held for sale are held at the lower of carrying amount at designation and fair value less costs to sell. Depreciation is not charged against property, plant and equipment classified as held for sale.

Where assets held for sale relate to a separate line of business, or geographical area of operation, the results are disclosed separately as discontinued operations.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of identifiable net assets of the acquired subsidiary, joint venture or associate at the date of acquisition. Goodwill arising on acquisition of subsidiaries is included within intangible assets. Goodwill on acquisitions of joint ventures and associates is included in the carrying amount of the investment. Goodwill is not amortised but tested annually for impairment and as such is stated at cost less accumulated impairment losses. Goodwill is allocated to the Group's cash-generating units ('CGUs') identified according to geographical area and business segments. Each casino has generally been treated as a separate CGU, however, for those casinos located within the same 'permitted' area where the nature of the customers is such that they move between casinos, the casinos have then been grouped together.

Gains and losses on the disposal of an entity include the carrying value of goodwill relating to the entity sold, allocated where necessary on the basis of relative fair value. Goodwill arising on acquisitions made before 2 May 1999 has been written off directly to reserves in the period in which it arose.

Other intangible assets — casino licences

The Group capitalises purchased casino licences. The amount capitalised is the difference between the price paid for a casino including the associated licence and the fair value of a similar property without a casino licence. Casino licences have indefinite useful lives, as based on all relevant factors there is no foreseeable limit to the period over which the licences are expected to generate cash inflows. Each licence is reviewed annually for impairment and as such is stated at cost less any accumulated impairment losses.

Other intangible assets — online gaming software

The costs relating to internally generated intangible assets, being the Company's online gaming software, are capitalised if the criteria for recognition as assets are met. Other expenditure is charged to the income statement in the year in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated to write off the cost of online gaming software over 5 years.

Development costs that are directly attributable to the design and testing of the Company's online gaming software are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use or sell it;
- There is an ability to use or sell the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

Investment property

Investment property is held for long-term rental yields and is not occupied by the Company or any of its subsidiaries. All investment property is stated at cost less accumulated depreciation and any impairment losses. Cost includes the consideration given to acquire the property, along with any directly attributable expenditure.

Depreciation is calculated so as to write off the cost of the investment property, less estimated residual value, over the expected useful economic life of the asset concerned, at the following rates:

- Land is not depreciated;
- Buildings are depreciated over 50 years on a straight line basis.

Investment properties are subject to renovations or improvements at regular intervals. The cost of renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in the income statement. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the income statement. The fair values of investment properties are disclosed in the notes to the financial statements. These are assessed using internationally accepted valuation methods.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Amortisation charges are included in administrative expenses in the income statement. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are independent cash flows (CGUs).

In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where goodwill forms part of a CGU that is disposed of, this goodwill is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Impairment loss on goodwill once recognised is not reversed.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

Full provision is made in the financial statements for all unrecovered gaming debts at the balance sheet date, net of amounts recovered up to the date of approval of the financial statements.

Investments

Investments in subsidiaries are carried at historical cost less impairment.

Financial assets

The Group classifies its financial assets in the following categories: loans and receivables (amortised cost), fair value through profit and loss or fair value through other comprehensive income. The classification depends on the group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

a) Loans and receivables

Loans and receivables are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet (see accounting policy note on trade and other receivables).

b) Fair value through other comprehensive income

Fair value through other comprehensive income financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Fair value through profit and loss

Financial assets which are not classified as loans and receivables or fair value through other comprehensive income are classified as fair value through profit and loss unless designated at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (CONTINUED)

Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as either:

- hedges of the fair value of recognised liabilities (fair value hedge); or
- hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction (cash flow hedge).

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other gains / (losses). Hedge relationships are reviewed on a quarterly basis to ensure the criteria for hedge accounting are met.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within other gains / (losses).

Financial Instruments

Financial instruments that are measured at fair value are disclosed in the consolidated financial statements in accordance with the following fair value measurement hierarchy:

- i) Quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1)
- ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices), or indirectly (that is, derived from prices) (level 2)
- iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of inventories comprises food, beverages, retail merchandise and other supplies. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expense.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances (net of bank overdrafts), deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity when there is no contractual obligation to deliver cash or other financial assets to another entity or to exchange financial assets or liabilities with another entity that are potentially unfavourable to the issuer.

Incremental costs directly attributable to the issue of new shares, options or for the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (CONTINUED)

Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on specific qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred, except for issue costs which are amortised over the period of the borrowing.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset when the reimbursement is virtually certain.

Tax

Current taxation is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable income and is measured using the tax rates which are applicable at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Contingent liabilities and contingent assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements, unless the possibility of an outflow of resources is remote. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. When a change in the probability of an outflow of economic resources occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where an inflow of economic benefits is probable, but not virtually certain. When an inflow of economic resources is virtually certain, the asset is recognised.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (CONTINUED)

Leases

Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the (1) fair value of the leased item and (2) the present value of the minimum lease payments. Lease payments are allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease. Incentives from lessors are recognised as a systematic reduction of the charge over the periods benefiting from the incentives. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place. Any premium paid for a leasehold represents a prepaid lease payment which is amortised over the lease term, in accordance with the pattern of benefits provided.

Employee benefits

a) Short-term employee benefits

Short-term employee benefits include gross wages, salaries, bonuses and paid annual leave. These benefits are accrued when incurred.

b) Post-employment benefits

i) Defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years. The Group pays contributions to publicly and privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised in the income statement as employee benefits expense when they are due.

ii) Defined benefit scheme

Membership to the Group's only defined benefit scheme, the Genting UK Retirement Benefit Scheme, has not been offered since 2 February 2001, and the scheme is, therefore, effectively closed to new entrants.

A defined benefit scheme is a pension plan that defines an amount of pension benefit that an employee will receive at retirement, usually dependent on one or more factors such as age at retirement, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for past service costs. The defined benefit liability is calculated triennially by independent actuaries using the projected unit valuation method and is updated annually on an approximate basis.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are immediately recognised in the balance sheet, and through the statement of recognised income and expense.

Past service costs are recognised immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight line basis over the vesting period.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (CONTINUED)

Bonus Plans

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Holiday Pay

The Group recognises an appropriate liability for the cost of holiday entitlements not taken at the balance sheet date.

1A. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

Interpretations and amendments to published standards effective in 2018

New and amended standards adopted by the Group:

IFRS 9, Financial Instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies however there have been no material adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 1 above. In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated. The Group did not have any hedging relationships in place on transition to IFRS 9.

On 1 January 2018 (the date of initial application of IFRS 9), the group's management has assessed which business models apply to the financial assets held by the group and has classified its financial instruments into the appropriate IFRS 9 categories. There has been no change in classification of financial assets under IFRS 9; all financial assets continue to be classified under the amortised cost model.

The group has two types of financial asset that are subject to IFRS 9's new expected credit loss model:

- Trade receivables from the rental of property and outlet shops, restaurants and bars
- Amounts due from related parties which are interest free and repayable on demand

The group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets and has adopted the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and amounts due from related parties. There has been no material adjustments to the amounts recognised in the financial statements as a result of applying this revised impairment model. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

IFRS 15, Revenue from contracts with customers

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, timing and uncertainty of revenue.

The group has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 (the date of initial application of IFRS 15) which resulted in changes in accounting policies however there have been no material adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in IFRS 15, the group has adopted the modified retrospective approach and not restated comparatives for the 2017 financial year.

The Group has undertaken a comprehensive review of all income streams and there has been no material impact upon the financial statements. This assessment is driven by gaming revenue streams falling under IFRS 9 – Financial Instruments, and revenues for other income streams such as F&B and Hotel rooms, with singular performance obligations, already being accounted for in line with IFRS 15 on delivery to the end customer.

Other standards

The following standards are effective from 1 January 2018 however they have not had a material impact on the financial statements:

- Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2
- Annual Improvements 2014-2016 cycle
- Transfers of Investment Property – Amendments to IAS 40
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

1A. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards and amendments to existing standards have been published and are mandatory for the Group's financial periods

IFRS 16, Leases

IFRS 16 (effective for annual periods beginning on or after 1 January 2019) was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The group has set up a project team which has reviewed all of the group's leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16.

The group will apply the standard from its mandatory adoption date of 1 January 2019. The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. All right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). All short-term and low value leases will continue to be recognised as an expense on a straight line basis in line with exemptions available under IFRS 16. Further, the practical expedients available in respect of non-lease components and onerous lease provisions will be taken at 1 January 2019.

On transition to IFRS 16 there is expected to be a material impact to the reported profit after tax of between £1m and £4m and EBITDA between £13m and £17m as a result of a reduction in operating expenses associated with lease payments under IAS 17 and an increase in depreciation and interest charges. Right of use assets (net of onerous lease provisions) of between £110m and £135m will be recognised with a corresponding lease liability of between £110m and £133m. The group also expects to recognise lease receivables of between £5m and £7m in respect of its non-cancellable sub-leasing arrangements.

Other standards

The impact of other standards not yet adopted is expected to be immaterial.

1B. FINANCIAL RISK MANAGEMENT

The Group seeks to minimise the potential adverse impact arising from fluctuations in exchange and interest rates and the unpredictability of the financial markets. The Group uses instruments to hedge the risk associated with interest rates.

The Group operates within clearly defined guidelines that are approved by the board of directors of the ultimate holding company and does not trade in derivative financial instruments. Financial risk management is carried out through risk reviews conducted centrally. This process is further enhanced by effective internal controls, a group-wide insurance programme and adherence to the financial risk management policies.

The main areas of financial risk faced by the Group are as follows:

Exchange rate risk

The Group pays for goods and services, and receives payment from customers sometimes denominated in foreign currencies. Risk arises in exchange rate differences between dates of transaction and settlement. The Group manages the risk of exchange rate fluctuations by entering into currency forward contracts when the risk is deemed to be significant and the timing and value of such transactions is known.

Interest rate risk

Interest rate risk arises on the Group's borrowings. The Group has entered in to an interest rate swap agreement during the year end to manage this risk appropriately.

Credit risk

Financial assets that potentially subject the Group to concentrations of credit risk consist principally of receivables, bank balances and deposits. The Group's cash equivalents and short-term deposits are placed with high creditworthy financial institutions. An analysis of the Group's cash and cash equivalents, by credit rating, are disclosed in note 17. Receivables are presented net of provision for impairment. Credit risk with respect to trade receivables is limited as the Group does not have any significant exposure to any individual customer or counterparty.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

As the Group and Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet. The Group's and Company's major classes of financial assets are bank deposits:

- (1) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings assigned by international credit rating agencies.

- (2) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired.

Liquidity risk

The Group practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities. The Group's cash flow is reviewed regularly to ensure that the Group is able to settle its commitments when they fall due. A maturity analysis of the Group's financial liabilities, disclosed in note 17, indicates a significant commitment to repay financial liabilities within 12 months of the balance sheet date. Management have ensured that plans are in place to meet the required repayments. In addition, the Group has received a letter of support from Genting Malaysia Berhad confirming on-going financial support.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the parent company.

The Group monitors capital primarily on the basis of the ratio of net debt to earnings before interest, tax, depreciation and amortisation (EBITDA). Net debt is calculated as borrowings (including related party borrowings, disclosed within trade and other payables) less cash and short-term deposits (see note 18).

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

2. SEGMENTAL INFORMATION

As at 31 December 2018, the Group is organised into five main business segments: High End, based on the high roller casinos; Core, based on other casinos in the UK; RWB, based on the activities at the development at Resorts World Birmingham; Interactive, based on online activities; and Corporate, based on other non-casino properties and central activities.

Management has determined the operating segments based upon the reports reviewed by the management board that are used to make strategic decisions.

The inclusion of Interactive as a new division in the prior year relates to the acquisition of the trade and assets of Genting Alderney Limited during 2017.

	2018 £m	2017 £m
Revenue:		
- High End	133.0	152.5
- Core	139.1	142.6
- RWB	27.8	27.1
- Interactive	17.0	8.6
- Corporate	5.2	6.9
Total	322.1	337.7
Cost of sales	(310.3)	(321.8)
Gross profit	11.8	15.9
Administrative expenses	(4.5)	(6.7)
Other income	4.4	4.5
Operating profit before exceptional items from continuing operations	11.7	13.7
Exceptional items	(2.2)	2.6
Operating profit after exceptional activities from continuing operations	9.5	16.3
Finance income	-	-
Finance costs	(7.6)	(7.7)
Profit before tax from continuing operations	1.9	8.6
Tax charge	(2.2)	(0.6)
(Loss)/profit after tax from continuing operations	(0.3)	8.0
Analysis of revenue by class of business		
Gaming	281.6	293.0
Hotel and spa income	10.7	10.2
Food and beverage	23.5	25.6
Leasing of assets	6.3	8.9
Revenue from continuing operations	322.1	337.7

Included in revenue from continuing operations is Gaming revenue of £33.1m generated in Egypt. All other revenue is generated in the United Kingdom.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**2. SEGMENTAL INFORMATION (CONTINUED)****Analysis of operating profit after exceptional items by business segment**

High End (after exceptional charges of £nil) (2017: charges of £nil))	17.6	25.9
Core (after exceptional charges of £nil) (2017: credit of £0.1m))	22.3	15.7
RWB (after exceptional charges of £nil) (2017: credit of £0.5m))	(7.5)	(9.5)
Interactive (after exceptional charges of £nil) (2017: charges of £1.0m))	(3.1)	(2.1)
Corporate (after exceptional charges of £2.2m) (2017: charges of £4.2m))	(19.8)	(13.7)
Operating profit from continuing operations	9.5	16.3

Other segment information	High End £m	Core £m	RWB £m	Interactive £m	Corporate £m	Total £m
Capital expenditure						
- property, plant and equipment	2.5	8.7	0.4	5.2	4.5	21.3
- intangible assets	-	-	-	-	-	-
Depreciation & amortisation						
- property, plant and equipment	2.8	10.0	6.6	0.1	1.3	20.8
- investment property	-	-	-	-	0.5	0.5
- intangible assets	-	-	-	1.4	-	1.4
Write off						
- property, plant and equipment	-	-	-	-	-	-
Carrying value						
- goodwill	13.3	-	-	-	7.1	20.4
- acquired gaming licenses	115.7	122.3	-	-	-	238.0

3. EXCEPTIONAL ITEMS

	2018 £m	2017 £m
Termination and redundancy costs	(2.2)	(0.6)
Onerous lease provision	-	0.1
Waiver of loans from related party	-	(2.0)
Profit on disposal of fixed assets (net of disposal costs)	-	4.6
Gain on bargain purchase	-	0.5
Tax credit	-	0.1
TOTAL EXCEPTIONAL ITEMS	(2.2)	2.7

Details of exceptional items

Termination and redundancy costs relate primarily to staff reductions across the estate.

An onerous lease provision was provided for each of the property leases the Group pays for which are no longer used for trading. The provision is reviewed annually resulting in a credit of £0.1m in the prior year and £nil in the current year.

The exceptional tax credit includes the tax effect on exceptional costs and the credit arising from the change in tax rate.

The gain on bargain purchase was recognised on the acquisition of Waters Solihull Limited in the prior year.

The profit on disposal of fixed assets relates to the sale of the property in the prior year.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

4. OPERATING PROFIT FROM CONTINUING OPERATIONS

	2018 £m	2017 £m
Operating profit before tax from continuing operations is stated after charging/(crediting) the following:		
Employee benefits expense (note 5)	100.4	99.9
Inventories - cost of inventories recognised as an expense (included in cost of sales)	13.9	15.4
Gaming duty	52.5	62.3
Depreciation - owned property, plant and equipment (including £nil in respect of leased assets (2017: £nil))	20.8	22.5
Depreciation - investment property	0.5	0.5
Amortisation - intangible assets	1.4	1.1
Write off of property, plant and equipment	-	0.6
Profit on disposal of fixed assets (net of disposal costs)	-	(4.6)
Operating lease rentals - property	19.7	19.4
Operating lease rentals - plant and machinery	1.8	1.6
Rents receivable (excluding investment property)	(4.4)	(4.4)
Rental income from investment property	(1.8)	(3.4)

Depreciation on property, plant and equipment includes £6.4m (2017: £8.3m) in respect of properties.

	2018 £m	2017 £m
Fees payable to the Company's auditors for the following services:		
- Audit of the Company's subsidiaries pursuant to legislation	0.3	0.4
- Tax advisory	-	0.1
- Advisory	0.1	0.1

Fees payable to the Company's auditors for the audit of the Company and the consolidated financial statements were £304,000 (2017: £360,000), and non-audit fees were £66,000 (2017: £185,000).

Fees of £24,000 (2017: £23,000) were paid in respect of the performance of quarterly reviews for group reporting.

5. EMPLOYEES AND DIRECTORS

The average monthly number of persons employed by the Group during the year was 4,339 (2017: 4,585), comprising 4,008 in operations (2017: 4,300) and 331 in management and administration (2017: 285).

	2018 £m	2017 £m
Employee costs were as follows:		
Wages and salaries	90.3	89.9
Social security costs	7.8	8.0
Other pension costs	2.3	2.0
	100.4	99.9

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**5. EMPLOYEES AND DIRECTORS (CONTINUED)**

	2018 £m	2017 £m
Directors' remuneration of the Group:		
Wages and salaries	1.3	1.0
Social security costs	0.2	0.1
Other pension costs	0.1	0.1
	1.6	1.2
Directors' remuneration of the Company:		
Wages and salaries	0.1	0.1
Social security costs	-	-
Other pension costs	-	-
	0.1	0.1
Remuneration of key management personnel of the Group:		
Salaries and short-term benefits	1.3	1.6
Post-employment benefits	0.1	0.1

The highest paid director was paid wages and salaries of £0.7m (2017: £0.5m). The highest paid director has £nil (2017: £nil) accrued pension or lump sum and has no share options in the Company. No benefits are accruing to any directors under defined contribution schemes or defined benefit schemes (2017: none).

The emoluments of some of the directors are partly paid by a Malaysian parent company with no recharge made to Genting UK plc. It is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the Group's result does not include total emoluments in respect of these directors. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of Genting Malaysia Berhad.

Key management personnel consists of divisional management. Included in remuneration of key management personnel are payments of £nil (2017: £nil) paid in lieu of compensation for loss of office.

Company

The average monthly number of persons employed by the Group during the year was 5 (2017: 5) in management and administration. All employment costs of the company are borne by other group companies.

6. FINANCE COSTS

	2018 £m	2017 £m
Finance costs:		
Bank loans, overdrafts and other loans wholly repayable within five years	7.6	7.7

7. TAX CHARGE

Group	2018 £m	2017 £m
Analysis of tax charge in the year		
Current tax		
Charge in respect of current year	3.9	4.3
Adjustments to current tax charge in respect of prior years	(0.5)	(1.6)
Total current tax	3.4	2.7

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

7. TAX CHARGE (CONTINUED)	2018 £m	2017 £m
Deferred tax (note 19)		
Current year origination and reversal of timing differences	(0.4)	(1.5)
Impact of change in tax rates	0.1	0.2
Adjustments to deferred tax charge in respect of prior years	(0.1)	0.2
Total deferred tax	(0.4)	(1.1)
Total tax charge	3.0	1.6

The tax charge in the income statement is disclosed as follows:

Tax charge on continuing operations	2.2	0.6
Tax charge on discontinued operations	0.8	1.0
	3.0	1.6

The tax assessed for the year is higher (2017: lower) than the standard rate of UK corporation tax of 19.00% (2017: 19.25%). The differences are explained as follows:

	2018 £m	2017 £m
Profit before tax	5.8	13.5
Expected tax at 19.00% (2017: 19.25%)	1.1	2.6
Adjustments to current tax charge in respect of prior years	(0.5)	(1.6)
Adjustments to deferred tax charge in respect of prior years	(0.1)	0.2
Re-measurement of deferred tax – Change in corporation tax rate	0.1	0.2
Difference in overseas tax rates	0.2	
Other expenses not deductible for tax purposes	2.2	0.2
Tax charge for the year	3.0	1.6

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1st April 2017, and accordingly the Group's profits for this accounting period are taxed at 19%.

The March 2016 Budget Statement announced a reduction in the UK Corporation tax rate to 17% from 1 April 2020. This change was enacted in Finance Bill 2016, which reached Royal Assent in September 2016. Deferred taxes at the balance sheet date have been measured using the enacted tax rates and reflected in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**8. INTANGIBLE ASSETS**

	Goodwill	Acquired gaming licences	Online gaming software	Total
	£m	£m	£m	£m
Cost				
Cost at 1 January 2017	35.5	261.5	-	297.0
Additions	-	-	4.8	4.8
Transferred to assets held for sale	(2.5)	-	-	(2.5)
Cost at 31 December 2017	33.0	261.5	4.8	299.3
At 31 December 2018	33.0	261.5	4.8	299.3
Accumulated amortisation & impairment				
At 1 January 2017	(12.6)	(23.5)	-	(36.1)
Amortisation	-	-	(1.1)	(1.1)
At 31 December 2017	(12.6)	(23.5)	(1.1)	(37.2)
Amortisation	-	-	(1.4)	(1.4)
At 31 December 2018	(12.6)	(23.5)	(2.5)	(38.6)
Net book amount				
At 31 December 2018	20.4	238.0	2.3	260.7
At 31 December 2017	20.4	238.0	3.7	262.1

Licences comprise the cost of acquired gaming licences. These are not amortised as they are considered to have an indefinite life as there is no foreseeable limit to the period over which the licences are expected to generate cash inflows. £115.7m of the cost of gaming licenses is allocated the High End division and £145.8m to the Core division.

Goodwill is partly allocated to the High End segment, £13.3m (2017: £13.3m), and to the Corporate segment, £7.1m (2017: £7.1m). The carrying amount of goodwill is based on its value in use.

Amortisation of intangible assets of £1.4m (2017: £1.1m) is included within cost of sales.

8A. IMPAIRMENT REVIEW

Impairment review of intangible assets with indefinite lives

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, in accordance with IAS 36 'Impairment of Assets'. The Group classifies goodwill and gaming licences as indefinite life assets and tests these for impairment in September each year.

i) Gaming licences

The inherent value of casino licences is deemed to be an intrinsic part of the value of the operation of the casinos and is therefore considered as part of total casino assets in the impairment review. An impairment review was performed at the year end resulting in a £nil impairment (2017: £nil).

In performing the impairment review, each casino is assessed as a separate cash generating unit (CGU), except where one or more casinos are located within the same geographical area and the nature of the customers is such that they are transferable between these casinos. In this instance these casinos have then been grouped together and treated as a separate CGU. There are no individual CGUs deemed to be of a 'significant' proportion of the overall carrying value of intangible assets.

The recoverable amount of each CGU, including the licence, is determined based on the higher of fair value less cost to sell and value in use. Estimates of fair value have been determined with reference to an external valuation, prepared in accordance with RICS valuation professional standards, as published by the Royal Institution of Chartered Surveyors, on the basis of market value.

The value in use has been calculated using cash flow projections, with a 'base' cashflow for 2019 calculated using a combination of historic financial information (5 years) and financial projections for the following year. The base cashflow has then been extrapolated for a further 4 years using an annual and long term growth rate of 2.0% (2017: 2.00%), including inflation. This growth rate is consistent with forecasts included in industry reports and external sources. The pre-tax discount rate applied to cash flow projections is 7.75% (2017: 7.75%).

The discounted cash flow projections are based on the Earnings before Interest, Tax & Depreciation of each CGU, and are therefore most sensitive to the following assumptions and variables:

- **Admissions**
The number of discrete visits by members to the casino. The impairment assessment uses an average of 5 years historical information and a further year of projections, based a long term growth rate of 2%.
- **Spend per head**
The average amount of money spent by a member on gaming tables and machines (net winnings), and food and beverages. The impairment assessment uses an average of 5 years historical information and a further year of projections, based on a long term growth rate of 2%.
- **Casino duty**
Casino duty is levied in bands of between 15% and 50% depending upon the level of gaming win at each casino. The bands and rates have been assumed to remain at current levels without indexation.
- **Discount rate**
Discount rate reflects management's estimate of the market interest rates adjusted for a suitable risk factor which management believes best reflects an appropriate market rate of return. The impact of this has been assessed by individual location.

As the carrying value of the assets being assessed for impairment for all CGUs are underpinned by their fair value, management believe that there are no reasonable permutations of the above cash flow sensitivities which would result in a different overall conclusion.

ii) Goodwill

Goodwill arose partly due to the acquisition of Capital Corporation Limited, which included the casinos at Crockfords, Mint and The Colony, and partly as a result of a group restructuring in 2012. The value of goodwill at the year end has been assessed for impairment by reference to the performance of the underlying acquisitions, and accordingly no impairment has been recognised (2017: £nil).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

9. PROPERTY, PLANT AND EQUIPMENT

Group	Properties							Total £m
	Freehold properties £m	Long leasehold properties £m	Short leasehold properties £m	Leasehold improvements £m	Fixtures, fittings and equipment £m	Motor vehicles £m	Assets in the course of construction £m	
Cost								
At 1 January 2017	114.0	155.5	48.4	15.5	168.8	0.6	3.6	506.4
Additions	-	0.1	1.1	-	14.1	-	(2.8)	12.5
Acquisition	-	0.8	-	-	0.3	-	-	1.1
Disposals	(5.0)	-	-	-	-	(0.3)	-	(5.3)
Reallocation	-	(1.5)	(0.2)	-	0.2	-	1.5	-
Transferred to assets held for sale (note 15)	(6.0)	-	-	-	(3.0)	-	-	(9.0)
Write offs	-	-	-	-	(0.7)	-	-	(0.7)
Foreign exchange	-	-	-	-	(0.1)	-	-	(0.1)
At 31 December 2017	103.0	154.9	49.3	15.5	179.6	0.3	2.3	504.9
Additions	-	0.7	0.4	-	19.8	-	0.4	21.3
Disposals	-	-	-	-	(0.1)	-	-	(0.1)
Foreign exchange	-	-	-	-	0.1	-	-	0.1
At 31 December 2018	103.0	155.6	49.7	15.5	199.4	0.3	2.7	526.2
Accumulated depreciation								
At 1 January 2017	9.5	10.3	30.2	8.5	115.0	0.6	-	174.1
Charge for the year	0.9	3.2	1.7	0.5	16.7	-	-	23.0
Acquisition	-	-	-	-	-	-	-	-
Reallocation	-	-	-	-	-	-	-	-
Disposals	(0.6)	-	-	-	-	(0.3)	-	(0.9)
Transferred to assets held	(1.3)	-	-	-	(1.5)	-	-	(2.8)
Write offs	-	-	-	-	(0.1)	-	-	(0.1)
At 31 December 2017	8.5	13.5	31.9	9.0	130.1	0.3	-	193.3
Charge for the year	0.7	3.3	1.9	0.5	14.4	-	-	20.8
Disposals	-	-	-	-	(0.1)	-	-	(0.1)
Foreign exchange	-	-	-	-	0.1	-	-	0.1
At 31 December 2018	9.2	16.8	33.8	9.5	144.5	0.3	-	214.1
Net book amount								
At 31 December 2018	93.8	138.8	15.9	6.0	54.9	-	2.7	312.1
At 31 December 2017	94.5	141.4	17.4	6.5	49.5	-	2.3	311.6

There were no cost or book amounts of property, plant and equipment in the Company during the year (2017: £nil).

The Group has elected to retain carrying values of freehold, long leasehold, and short leasehold properties as deemed cost at transition to IFRS at 3 May 2004.

There were no borrowing costs capitalised during the year. In prior years borrowing costs were capitalised at the rate of 3.0% on specific borrowings from the Group's immediate parent, Genting International Investment (UK) Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

9A. IMPAIRMENT REVIEW

Impairment review of property, plant and equipment

If the carrying value of the Group's property, plant and equipment is higher than the estimated recoverable amount, then the value of those assets is written down. Property, plant and equipment and intangible assets are grouped into cash-generating units.

1) Casino properties, plant and equipment

The inherent value of casino properties, plant and equipment is deemed to be an intrinsic part of the value of the operation of the casinos and is therefore considered as part of total casino assets in the impairment review. At the year end date, an impairment review was performed (as set out in Note 8A) and no charge has been made in respect of property, plant and equipment (2017: £nil).

1) Resorts World Birmingham

The combined value of the property, plant and equipment of Resorts World Birmingham was assessed for impairment at the year end, resulting in a £nil impairment (2017: £nil).

Resorts World Birmingham comprises the Genting International Casino, a hotel, spa and gym, and a mixture of Genting-operated and third party-operated retail and restaurant outlets ("divisions"). Each of the experiences which the resort has to offer are not mutually exclusive, and customers will generally buy a range of products and services during their visit. For this reason the whole resort has been assessed as one CGU when performing the impairment review.

The recoverable amount of Resorts World Birmingham is determined based on the higher of fair value less cost to sell and value in use. Estimates of fair value have been determined with reference to an external valuation performed during the year, and prepared in accordance with RICS valuation professional standards, as published by the Royal Institution of Chartered Surveyors, on the basis of market value.

The value in use calculation of Resorts World Birmingham is made up of the following assumptions:

a. Future cash flows

Resorts World Birmingham has been open for just over 3 years, and is still viewed by management as being at an infant stage of its lifecycle. Whilst profitability has improved significantly year on year during this time, it would not be appropriate to use historical financial information in assessing the validity of future cash flows. The value in use has therefore been calculated using the cash flow projections which are based on the future strategy of the resort, as approved by key management.

The cash flows for each division of Resorts World Birmingham have been assessed for a period of 10 years, from 2019 to 2028. Whilst management are aware of convention under IAS 36 'Impairment of Assets' of a maximum of 5 years, it is the view of management that the material impact that developments around the resort will have on profitability between 5 and 10 years cannot be ignored for this assessment.

The divisional cash flows have been combined for each future period, and an element of head office cost and maintenance capital expenditure has been deducted to reach forecasted cash flows for the resort as a whole. The maintenance capital expenditure reflects the planned spend in relation to the future strategy of the resort.

The cash flows have been grown at a notional rate of 2% beyond 2028, which is consistent with forecasts included in industry reports, and from external sources.

b. Discount rate

The pre-tax discount rate applied to the cash flows is 7.15%.

The discounted cash flow projections are based on the Earnings before Interest, Tax & Depreciation of the resort, and are therefore most sensitive to the following assumptions and variables:

• Footfall

The number of visitors to Resorts World Birmingham has been estimated based on historical trends and adjusted for the effect of changes to the strategy of the resort. Footfall at the resort has grown considerably year on year since opening, at an average of 10% per annum, and the impairment assessment assumes footfall growth from 4 million visitors in 2019 to over 5 million by 2028. The change of strategy, which is a tilt from retail to a more leisure-focused offering, is expected to continue to drive an increase in visitor numbers.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

9A. IMPAIRMENT REVIEW (CONTINUED)

- Performance drivers**
 One of the key drivers for hotel performance within the resort is RevPar (Revenue Per Available Room). RevPar has been estimated based on known historical rates and industry analysis. The impairment assessment assumes a RevPar of £94.63 in 2019 with stable growth of between 1-2% per annum thereafter.
 A key driver for casino performance is Drop Per Head. Drop Per Head has been forecasted in light of the future marketing strategy of the resort, and external industry data. The impairment assessment assumes a Drop Per Head of £135 in 2019, growing by between 0-2% per annum thereafter.
- Discount rate**
 The discount rate has been calculated with reference to the weighted average cost of capital of Genting UK Plc, which includes a consideration of not only the capital structure of the Group, but also that of direct competitors and other companies in the sector.

Management have performed sensitivity analysis on the discounted cash flows, and have concluded that a decrease in forecasted EBITDA of 5%, assuming the discount rate is unchanged, could indicate an impairment of Resorts World Birmingham of £11.2m. In relation to the sensitivity of the discount rate, management have concluded that, assuming forecasted EBITDA are unchanged, an increase of 0.2% in discount rate could indicate an impairment of Resorts World Birmingham of £7.0m.

10. INVESTMENTS

	Company Shares in subsidiary undertakings (Note a) £m
Cost	
At 1 January 2017 and 31 December 2017	332.8
At 31 December 2018	332.8
Provision for impairment	
At 1 January 2017 and 31 December 2017	(14.8)
At 31 December 2018	(14.8)
Net book amount	
At 31 December 2018	318.0
At 31 December 2017	318.0

(a) Subsidiary undertakings

The consolidated financial statements include the financial statements of Genting UK plc and its subsidiaries. The subsidiaries are set out below:

Subsidiary	Principal Activities	Country of incorporation and operation	Directly or Indirectly owned	% equity interest	
				2018	2017
Stanley Casinos Holdings Limited	Dormant investment holding company	England	Direct	100.0	100.0
Genting Casinos UK Limited	Casino operator	England	Indirect	100.0	100.0
Capital Corporation Limited	Dormant	England	Indirect	100.0	100.0
Capital Casinos Group Limited	Dormant	England	Indirect	100.0	100.0
Capital Corporation (Holdings) Limited	Dormant	England	Indirect	100.0	100.0
Freeany Enterprises Limited	Credit assessment on behalf of fellow group companies	England	Indirect	100.0	100.0
Crockfords Club Limited*	Dormant	England	Indirect	100.0	100.0

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

10. INVESTMENTS (CONTINUED)

(a) Subsidiary undertakings

Subsidiary	Principal Activities	Country of incorporation and operation	Directly or Indirectly owned	% equity interest	
				2018	2017
The Colony Club Limited*	Dormant	England	Indirect	100.0	100.0
Cromwell Sporting Enterprises Limited*	Dormant	England	Indirect	100.0	100.0
Crockfords Investments Limited	Dormant	Guernsey	Indirect	100.0	100.0
Cotedale Limited*	Dormant	England	Indirect	100.0	100.0
Tower Casino Group Limited*	Dormant	England	Indirect	100.0	100.0
Gameover Limited*	Dormant	England	Indirect	100.0	100.0
Harbour House Casino Limited*	Dormant	England	Indirect	100.0	100.0
MLG Investments Limited	Dormant	England	Indirect	100.0	100.0
Westcliff Casino Limited	Dormant	England	Indirect	100.0	100.0
Westcliff (CG) Limited*	Dormant	England	Indirect	100.0	100.0
Genting Casinos Egypt Limited	Casino operator	Incorporated in England, operating in Egypt	Indirect	100.0	100.0
Palomino World (UK) Limited	Dormant	England	Direct	100.0	100.0
Genting International Investment Properties (UK) Limited	Property investment company	England	Direct	100.0	100.0
Genting Solihull Limited	Property investment and development, investment holding and hotel and leisure facilities operator	England	Direct	100.0	100.0
Waters Solihull Limited	Restaurant Operator	England	Indirect	100.0	100.0
Genting International (UK) Limited	Investment holding company	England	Direct	100.0	100.0
Coastbright Limited	Casino operator	England	Indirect	100.0	100.0
Park Lane Mews Hotel London Limited	Hotel operator	England	Direct	100.0	100.0
Stanley Overseas Holdings Limited	Dormant investment holding company	England	Direct	100.0	100.0
Stanley Leisure (Ireland) Unlimited Company (formerly Stanley Leisure (Ireland))	Dormant	Ireland	Indirect	100.0	100.0
Stanley Leisure Group (Malta) Limited	Dormant	Malta	Indirect	100.0	100.0
Genting Malta Limited	Dormant	Malta	Indirect	100.0	-
Genting Spain Plc	Dormant	Malta	Indirect	100.0	-

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

10. INVESTMENTS (CONTINUED)

The registered office address of all subsidiaries is Genting Club, Star City, Watson Road, Birmingham, B7 5SA, apart from:

- Park Lane Mews Hotel London Limited whose registered office address is 2 Stanhope Row, Mayfair, London, W1J 7BS
- Advanced Technologies Limited whose registered office address is Hodges Lane, Roseau, Dominica
- Crockfords Investments Limited whose registered office address is P.O. Box 25 Regency Court, Glatigny Esplanade, St Peter Port, Guernsey GY1 3AP
- Stanley Leisure (Ireland) Unlimited Company whose registered office address is Temple Chambers, 3 Burlington Road, Dublin 4, Ireland
- Stanley Leisure Group (Malta) Limited – whose registered office address is Palazzo Pietro Stiges, 103 Strait Street, Valletta, VLT 1436, Malta
- Genting Malta Limited and Genting Spain Plc – whose registered office address is Level G (Office 1/1120), Quantum House 75, Abate Rigord Street, Ta'Xbiex, XBX 1120, Malta

The directors consider the value of investments to be supported by the value of their underlying assets.

Companies marked with an asterisk (*), have been dissolved, or are in the process of being dissolved.

11. INVESTMENT PROPERTY

	Total
Cost	£m
At 1 January 2017 and 31 December 2017	60.1
At 31 December 2018	60.1
Accumulated depreciation and impairment	
At 1 January 2017	2.5
Depreciation charge for the year	0.5
At 31 December 2017 and 1 January 2018	3.0
Depreciation charge for the year	0.5
At 31 December 2018	3.5
Net book amount	
At 31 December 2018	56.6
At 31 December 2017	57.1

There were no cost or book amounts of investment property in the Company during the year (2017: £nil).

The fair value of the Group's investment property was assessed as follows:

- 1) Property acquired in 2013, through internal valuation approximates a fair value of £46.0m (2017: £46.0m).
- 2) Property acquired in 2014, through internal valuation approximates a fair value of £11.8m (2017: £11.8m).

12. INVENTORIES

	Group		Company	
	2018	2017	2018	2017
	£m	£m	£m	£m
Consumables	0.7	0.7	-	-
Goods for resale	1.7	1.7	-	-
	2.4	2.4	-	-

There are no significant inventory provisions in either 2018 or 2017.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**13. TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2018	2017	2018	2017
	£m	£m	£m	£m
CURRENT				
Trade receivables	2.7	1.0	-	-
Amounts due from related parties	1.3	4.4	290.4	319.9
Other receivables	6.1	15.3	-	-
Prepayments and accrued income	15.7	13.4	-	-
	25.8	34.1	290.4	319.9
NON-CURRENT				
Prepayments and accrued income	10.3	10.8	-	-
	10.3	10.8	-	-

Unrecovered gaming debts are not recognised by the Company. Gaming debts of £1.4m were recovered during the year, net of amounts provided against, relating to gaming income generated during the year and prior periods. In 2017, £2.5m was recovered in the year net of amounts provided against, relating to gaming income generated during the year and prior periods.

The fair value of trade and other receivables is considered to be their carrying value. There are £0.1m (2017: £0.1m) of trade receivables past due but not impaired. There are no other classes of assets which are impaired. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables disclosed above.

Amounts due from related parties are unsecured, repayable on demand and do not bear interest.

Within the non-current prepayments and accrued income is a lease premium of £8.2m (2017: £8.3m), being released over the term of the related 100 year lease, and tenant incentives of £2.0m (2017: £2.5m), being released over the minimum lease term of the tenants.

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	2017	2018	2017
	£m	£m	£m	£m
Cash at bank and in hand	39.8	41.6	-	-
Short term bank deposits	0.4	25.8	-	-
Customer funds (restricted cash)	1.1	0.6	-	-
	41.3	68.0	-	-

The average rate of interest on short term deposits was 0.15% (2017: 0.15%). These deposits had an average maturity of one day.

Cash and cash equivalents in the cash flow statements comprise cash at bank, other short term highly liquid investments with a maturity of three months or less, overdrafts and borrowings.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

15. NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The assets and liabilities related to Coastbright Limited (the owner and operator of Maxims Casino London) have been presented as held for sale following the approval of the Group's management and shareholders in September 2017.

a) Assets classified as held for sale

	2018	2017
	£m	£m
Property, plant and equipment	6.2	6.2
Intangible assets	2.5	2.5
Trade and other receivables	0.1	0.3
Total	8.8	9.0

b) Liabilities classified as held for sale

	2018	2017
	£m	£m
Trade and other payables	1.1	2.7
Current Tax	0.8	2.3
Deferred tax	0.7	0.7
Total	2.6	5.7

In accordance with IFRS 5 the carrying value of the assets and liabilities held for sale were reviewed against the fair value less cost to sell, however were not considered to be impaired.

Analysis of the result of discontinued operations is as follows:

c) Discontinued operations

	2018	2017
	£m	£m
Revenue	9.9	12.9
Cost of sales	(6.0)	(8.0)
Profit before tax of discontinued operations	3.9	4.9
Tax charge	(0.8)	(1.0)
Profit after tax of discontinued operations	3.1	3.9

d) Cash flow

	2018	2017
	£m	£m
Operating cash flows	(0.3)	0.2
Total cash flows	(0.3)	0.2

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	£m	£m	£m	£m
CURRENT				
Trade payables	23.9	29.0	-	-
Amounts owed to related parties	30.1	32.5	72.7	72.2
Taxation and social security	16.1	21.2	-	-
Accruals and deferred income	29.1	35.4	0.7	1.3
	99.2	118.1	73.4	73.5
NON-CURRENT				
Amounts owed to related parties	99.7	97.0	99.7	97.0
	99.7	97.0	99.7	97.0

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. With the exception of £nil (2017: £nil) which relates to loan facilities, current amounts owed to related parties are unsecured, repayable on demand date and do not bear interest. Non-current amounts owed to related parties all relate to loan facilities. Details of the loan facilities are disclosed in note 17.

Trade payables include deposits received from online gaming players of £1.1m (2017: £0.6m) which are repayable on demand.

17. FINANCIAL INSTRUMENTS

The following analysis sets out a comparison by category of carrying amounts and fair values of all the Group's financial instruments.

	2018		2017	
Group	Carrying amount	Fair value	Carrying amount	Fair value
	£m	£m	£m	£m
Assets as per balance sheet				
Trade and other receivables (excluding prepayments)	10.1	10.1	20.7	20.7
Cash and cash equivalents	41.3	41.3	68.0	68.0
Liabilities as per balance sheet				
Trade and other payables (excluding non-financial liabilities)	169.8	169.8	179.7	179.7
Borrowings	119.1	119.1	140.8	140.8
Derivative financial instruments	0.5	0.5	-	-

Trade and other receivables (excluding prepayments) and cash and cash equivalents are classed as loans and other receivables and total £51.4m (2017: £88.7m).

Trade receivables are in pounds sterling and include £0.1m (2017: £0.1m) past due but not impaired because all monies have been received subsequent to the year end. At 31 December 2018 all such amounts are less than 3 months past due.

Borrowings, trade and other payables (excluding non-financial liabilities) are all classified as other financial liabilities and total £288.9m (2017: £320.5m).

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

17. FINANCIAL INSTRUMENTS (CONTINUED)

Company	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	£m	£m	£m	£m
Assets as per balance sheet				
Trade and other receivables (excluding prepayments)	290.4	290.4	318.6	318.6
Liabilities as per balance sheet				
Trade and other payables (excluding non-financial liabilities)	172.4	172.4	167.9	167.9
Borrowings	119.1	119.1	140.8	140.8
Derivative financial instruments	0.5	0.5		

Trade and other receivables (excluding prepayment) and cash and cash equivalents are classed as loans and other receivables and total £290.4m (2017: £318.6m).

Trade and other payables (excluding non-financial liabilities) and borrowings are classified as other financial liabilities and total £291.5m (2017: £308.7m).

Trade and other payables at 31 December 2018 include a £25.0m (2017: £25.0m) long term loan fully repayable by 31 January 2023.

The fair values of cash and cash equivalents approximate to the book value due to their short term maturity.

Interest rate risk

Set out below is the carrying amount of the Group's financial instruments that are exposed to interest rate risk:

	2018 £m	2017 £m
31 DECEMBER 2018		
Floating rate		
Cash and cash equivalents	41.3	68.0
Borrowings	(119.1)	(140.8)
Fixed rate		
Borrowings from related parties (included within trade and other payables)	(99.7)	(97.0)

Non-interest bearing financial instruments are not included in the above table as they are not subject to interest rate risk.

Liquidity risk

Set out below is a maturity analysis of the Group's financial liabilities.

	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	Over 5 years £m	Total £m
31 DECEMBER 2018							
Trade and other payables	70.1	-	21.4	61.8	42.3	-	195.6
Borrowings	27.4	42.1	16.4	41.0	-	-	126.9
	97.5	42.1	37.8	102.8	42.3	-	322.5

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

17. FINANCIAL INSTRUMENTS (CONTINUED)

	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	Over 5 years £m	Total £m
31 DECEMBER 2017							
Trade and other payables	82.7	-	-	21.4	61.8	42.3	208.2
Borrowings	60.1	17.1	16.8	16.4	41.0	-	151.4
	142.8	17.1	16.8	37.8	102.8	42.3	359.6

The Group's cash flow is reviewed regularly to ensure that the Group is able to settle its commitments when they fall due.

All trade and other receivables (excluding prepayments) are due within one year.

Credit risk

Set out below is the carrying amount, by credit rating, of the Group's cash and cash equivalents.

	Group	
	2018 £m	2017 £m
A	4.6	0.6
Baa	12.1	31.9
B	5.1	6.8
Cash floats	19.5	28.7
Cash and cash equivalents	41.3	68.0

The directors do not expect any losses from non-performance by the Group's banking facilities. Amounts due from related parties and trade receivables are not considered a significant credit risk by the directors. The Group has received a letter of support from Genting Malaysia Berhad in respect of related party balances and trade receivable balances relate to credit worthy customers.

Capital management

The ratios of net debt to earnings before tax, interest, depreciation and amortisation (EBITDA) are shown below:

	2018 £m	2017 £m
Borrowings	119.1	140.8
Loan facilities within trade and other payables	99.7	97.0
Less: Cash and cash equivalents	(41.3)	(68.0)
Net debt	177.5	169.8
Operating profit before exceptional items from continuing operations	11.7	13.7
Add: depreciation and amortisation	22.7	24.1
EBITDA	34.4	37.8
Ratio	5.2	4.5

Derivative financial instruments

Derivative financial instruments are classed as derivatives used for hedging and total £0.5m (2017: £nil). There were no outstanding gaming transactions at the year end (2017: none).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

17. FINANCIAL INSTRUMENTS (CONTINUED)

Borrowing Facilities

i) Secured

On 20th December 2017 the Group obtained a new long term loan facility of £125.0m, comprising facilities A and B. Facility A is a £100m term loan, repayable over 5 years, and charges interest of between 1.50% and 2.50% above Libor. The facility replaced the existing term loan held by the Genting International Investments (UK) Limited, and was fully drawn down at the year end. Facility B is a £25m rolling credit facility, fully repayable within 2 years (with an option of 1 further year), and charges interest of between 1.10% and 1.90% above Libor. This facility was drawn down on 20 December 2018. This facility is secured against various property assets of the Group.

ii) Unsecured

The Group has a long term loan facility of £25.0m (2017: £25.0m) provided by Genting International Investments (UK) Limited (GII (UK)), on which interest is payable at 3% per annum. At 31 December 2018 £25.0m (2017: £25.0m) was drawn on this facility.

During 2015 the Group issued a 2 year discounted loan note ('DLN 1') to Nedby Limited for an issue price of £48.5m, with a principal amount of £51.5m due for redemption in 2017, corresponding to an implicit interest rate of 3.0%. During the year ended 31 December 2017 unwinding of the discount totalling £0.1m was charged to finance costs. Instead of redeeming, the loan note was rolled over in to a new discounted loan note ('DLN 3') during the year for an issue price of £51.5m. DLN 3 has a principal amount of £61.8m, and is due for redemption in 2022, therefore corresponding to an implicit interest rate of 3.75%. During the year unwinding of the discount totalling £2.0m (2017: £1.7m) was charged to finance costs, resulting in a balance payable to Nedby Limited at 31 December 2018 of £55.2m (2017: £53.2m).

During the year ended 31 December 2016 the Group issued a further discounted loan note to Nedby Limited ('DLN 2') for an issue price of £17.8m. The principal amount of the loan of £21.4m is due for redemption in 2021, corresponding to an implicit interest rate of 3.75%. During the year unwinding of the discount on DLN 2 totalling £0.7m (2017: £0.7m) was charged to finance costs, resulting in a balance payable to Nedby Limited at 31 December 2018 £19.5m (2017: £18.8m).

The Group had a rolling credit facility of £65.0m of which £42.0m was draw at 31 December 2017. During the year the facility was repaid in full. Interest on the facility was charged at 0.9% above LIBOR and the facility was repayable on demand.

At 31 December 2018 the Group also has £nil (2017: £6.0m) undrawn committed borrowing facilities which expire within one year (2017: one year).

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

18. PENSION COMMITMENTS

Defined contribution schemes

One of the schemes is defined contribution. The cost of this scheme was £2.3m for the year ended 31 December 2018 (2017: £2.0m). There are no amounts outstanding in respect of defined contribution schemes at 31 December 2018.

Defined benefit scheme

The second scheme, the Genting UK Retirement Benefit Scheme, is a defined benefit scheme which provides benefits based on final pensionable earnings. Membership has not been offered since 2 February 2001, and the scheme is, therefore, effectively closed to new entrants. This has not affected the status or rights of existing members. The scheme also was closed to future accrual on 31 July 2011. The latest membership information, recorded as at 30 April 2018, reported a total of 234 members in the scheme, of which 119 were deferred and 115 pensioners.

The last full actuarial valuation was carried out by a qualified independent actuary as at 30 April 2015 and the results have been updated to 31 December 2018 by a qualified actuary, independent of the scheme's sponsoring employer.

All actuarial gains and losses in the year are recognised immediately in the statement of comprehensive income.

Contributions to the scheme are agreed by the Company with the Trustees of the scheme as part of the process for determining the funding for the scheme.

	Group and Company	
	2018 £m	2017 £m
The amount recognised in the balance sheet is as follows:		
Fair value of plan assets	29.4	33.1
Present value of funded obligations	(33.9)	(35.4)
Defined benefit pension liability	(4.5)	(2.3)

	Group and Company	
	2018 £m	2017 £m
The amounts recognised in the consolidated income statement are as follows:		
Expected return on pension scheme assets	0.8	0.8
Interest on pension scheme liabilities	(0.8)	(0.9)
Total charge included within staff employee benefits expense	-	(0.1)

The actual loss on plan assets was 7% (2017: return 5%).

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income since adoption of IAS 19 is a loss of £10.2m (2017: loss £8.0m).

	2018 £m	2017 £m
Changes in the present value of defined benefit obligation are as follows:		
Defined benefit obligation at the beginning of the year	(35.4)	(36.3)
Interest on pension scheme liabilities	(0.8)	(0.9)
Benefits paid	1.6	1.8
Actuarial gains	0.7	-
Defined benefit obligation at the end of the year	(33.9)	(35.4)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

18. PENSION COMMITMENTS (CONTINUED)

	2018 £m	2017 £m
Changes in the fair value of plan assets are as follows:		
Fair value of plan assets at the beginning of the year	33.1	33.0
Expected return on plan assets	0.8	0.8
Benefits paid	(1.6)	(1.8)
Actuarial (losses)/gains	(2.9)	1.1
Fair value of plan assets at the end of the year	29.4	33.1

The contribution expected to be paid during the financial year ended 31 December 2019 amounts to £nil.

Analysis of the movement in the balance sheet liability is as follows:

	2018 £m	2017 £m
Defined benefit liability at the beginning of the year	(2.3)	(3.3)
Interest cost	-	(0.1)
Actuarial (losses)/gains	(2.2)	1.1
Defined benefit liability at the end of the year	(4.5)	(2.3)

	2018 %	2017 %
The major categories of assets as a percentage of total plan assets are as follows:		
Equities and diversified growth funds	55	57
Bonds	45	43
Cash	-	-
Total	100	100

	2018 %	2017 %
The principal assumptions made by the actuaries were:		
Inflation	2.30	2.20
Discount rate	2.75	2.45
Pensions in payment increase if CPI is 5.0% or less	2.30	2.20
Pensions in payment increase if CPI is 2.5% or less	1.80	1.70
Revaluation rate for deferred pensioners	2.30	2.20
Expected return on plan assets	2.75	2.45

The overall expected return on plan assets was derived as an average of the long term expected rates of return on each major asset category weighted by the allocations among the categories.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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18. PENSION COMMITMENTS (CONTINUED)

The mortality assumptions adopted imply the following life expectancies:

	2018	2017
Male currently age 65	21.4 years	21.5 years
Female currently age 65	23.3 years	23.4 years
Male currently age 45	22.5 years	22.6 years
Female currently age 45	24.5 years	24.6 years

The effect of a decrease of 0.25% per annum in the discount rate would increase the scheme's liabilities by 3.50%. An increase of 0.25% per annum in the inflation rate would increase liabilities by 2.30%. An increase of 1 year in life expectancy would increase liabilities by 3.00%.

	31 December 2018 £m	31 December 2017 £m	31 December 2016 £m	31 December 2015 £m	31 December 2014 £m
History of experience gains and losses					
Experience adjustments arising on scheme assets	(2.2)	1.1	2.4	0.5	1.5
Experience adjustments arising on scheme liabilities	(0.1)	(0.2)	(1.1)	0.3	0.2
Effect of changes in demographic and financial assumptions underlying the present value of the plan liabilities	0.1	0.2	(4.2)	0.2	(3.4)
	(2.2)	1.1	(2.9)	1.0	(1.7)
Present value of scheme liabilities	(33.9)	(35.4)	(36.3)	(31.0)	(31.6)
Fair value of scheme assets	29.4	33.1	33.0	30.6	30.2
Deficit	(4.5)	(2.3)	(3.3)	(0.4)	(1.4)

19. DEFERRED TAX ASSETS / (LIABILITIES)

An analysis of the deferred tax provision is as follows:

	Group		Company	
	2018 £m	2017 £m	2018 £m	2017 £m
Deferred tax liabilities				
Gaming properties and licences	(52.0)	(52.4)	-	-
	(52.0)	(52.4)	-	-
Deferred tax assets				
Accelerated capital allowances	1.0	0.9	-	-
Defined benefit pension scheme	0.8	0.4	0.8	0.4
	1.8	1.3	0.8	0.4
Net deferred tax (liabilities)/assets	(50.2)	(51.1)	0.8	0.4

All deferred assets and liabilities are expected to be recovered or settled more than 12 months after the period end.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**19. DEFERRED TAX ASSET / (LIABILITIES) (CONTINUED)**

The movement on the deferred tax account is shown below:

	Group		Company	
	2018	2017	2018	2017
	£m	£m	£m	£m
(Liability)/asset at the beginning of the year	(51.1)	(52.7)	0.4	0.6
Credit to income statement continuing operations				
- gaming properties and licences	0.6	0.5	-	-
- accelerated capital allowances	-	0.8	-	-
- tax losses	-	-	-	-
Change of rate	(0.1)	(0.2)	-	-
Credit/(charge) to statement of comprehensive income in respect of pensions	0.4	(0.2)	0.4	(0.2)
Transfer to assets held for sale	-	0.7	-	-
(Liability)/asset at the end of the year	(50.2)	(51.1)	0.8	0.4

Deferred tax assets and liabilities are offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. The recognition at year end is supported by Group cashflow projections.

The Group has deferred tax assets totalling £nil (2017: £nil) relating to tax losses that have not been recognised. These have not been recognised as management does not believe it is probable that there will be sufficient taxable profits in the future to offset these losses.

20. PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Company	
	2018	2017	2018	2017
	£m	£m	£m	£m
Liability at 1 January	3.9	4.8	-	-
Credit to income statement	-	(0.1)	-	-
Unwinding of discount	0.1	0.1	-	-
Payments charged against provision	(0.7)	(0.9)	-	-
Liability at 31 December	3.3	3.9	-	-
Current	0.5	0.6	-	-
Non-current	2.8	3.3	-	-

The provision for onerous leases primarily relates to properties which are no longer used for trading. The provision is net of estimated rental income from subletting the properties. The leases expire at dates ranging over many years. The costs have been discounted at a rate of 3.0% (2017: 2.5%).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

21. ORDINARY SHARE CAPITAL

	Group and Company		Group and Company	
	2018	2017	2018	2017
	Number (millions)	Number (millions)	£m	£m
Authorised share capital				
Ordinary shares of 25p each	298.0	298.0	74.5	74.5
			Number	£m
Allotted, issued and fully paid ordinary shares of 25p each				
At 31 December 2017 and 2018			298,012,204	74.5

22. COMMITMENTS

Capital expenditure contracted for but not provided in the financial statements at 31 December 2018 amounted to £6.3m (2017: £3.1m).

At 31 December 2018 the Company had no capital commitments (2017: nil) relating to the purchase, construction, development or enhancement of investment property.

23. OPERATING LEASE COMMITMENTS

The Group has a number of lease agreements which qualify as non-cancellable operating lease agreements. These relate primarily to future rentals payable on land and buildings of casinos and rental of gaming machines and general equipment within the casinos.

Casino land and buildings leases are typically between 25 and 35 years, however leases range from 10 to 55 years. Other leases are typically 3 years. The agreements are not terminated automatically after expiry of the lease term. In certain cases lease extension options have been agreed upon, whilst in other cases there will be an opportunity to negotiate lease extensions with the lessor.

There are no restrictions imposed upon the Group concerning dividends, additional debt or further leasing under any of the existing lease arrangements.

The Group does sublease areas of leased properties and receives sublease payments from third parties.

	2018 Land and buildings £m	2018 Plant and machinery £m	2017 Land and buildings £m	2017 Plant and machinery £m
Future minimum rentals payable under non-cancellable leases:				
Within one year	17.4	2.1	18.0	3.1
After one year but not more than five years	25.1	2.5	37.9	1.8
More than five years	60.1	-	65.3	-
Total	102.6	4.6	121.2	4.9

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FOR THE YEAR ENDED 31 DECEMBER 2018

24. CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES

	Group		Company	
	2018	2017	2018	2017
	£m	£m	£m	£m
Operating profit/(loss) – before exceptional items	15.6	18.6	(0.8)	(0.8)
Exceptional items:				
Termination and redundancy costs	(2.2)	(0.6)	-	-
Onerous lease provision	-	0.1	-	-
Waiver of loans from related party	-	(2.0)	-	-
Profit on disposal of fixed assets	-	4.6	-	-
Gain on bargain purchase	-	0.5	-	-
Operating profit/(loss)	13.4	21.2	(0.8)	(0.8)
Onerous lease provision	-	(0.1)	-	-
Onerous lease payments	(0.7)	(0.9)	-	-
Write off of property, plant and equipment	-	0.6	-	-
Depreciation on property, plant and equipment and investment property	21.3	23.5	-	-
Amortisation of intangible assets	1.4	1.1	-	-
Profit on disposals of fixed assets	-	(4.6)	-	-
Waiver of loans from related party	-	2.0	-	-
Gain on bargain purchase	-	(0.5)	-	-
Change in inventories	-	0.4	-	-
Change in receivables	5.9	(6.7)	29.5	28.1
Change in payables	(18.2)	20.4	(28.7)	(27.3)
Tax paid	(3.1)	(1.2)	-	-
Net cash inflow from continuing and discontinuing operations	20.0	55.2	-	-

25. CASH FLOWS USED IN INVESTING ACTIVITIES

	Group		Company	
	2018	2017	2018	2017
	£m	£m	£m	£m
Purchase of property, plant and equipment	(21.3)	(12.5)	-	-
Proceeds from disposal of property, plant and equipment	-	1.0	-	-
Cash acquired on acquisition of subsidiaries	-	6.0	-	-
Cash flows used in investing activities	(21.3)	(5.5)	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

26. RELATED PARTY TRANSACTIONS

The Company and the Group have related party transactions with their parent company, their subsidiaries and associate undertakings, other companies of the Genting Berhad group and their directors.

Group	Amounts owed to parent company	Amounts owed to other related parties	Amounts owed by other related parties	Amounts owed by associate undertakings
	£m	£m	£m	£m
At 1 January 2017	(190.0)	(70.5)	10.8	1.1
Loan interest	(4.1)	(2.5)	-	-
Amounts repaid/(borrowed)	137.6	-	-	(0.2)
Waiver / Acquisitions	-	-	(9.7)	(0.9)
Amounts lent	-	-	3.2	-
Income from recharges	0.1	-	0.1	-
Expenses from recharges	-	(0.1)	-	-
At 31 December 2017	(56.4)	(73.1)	4.4	-
Loan interest	(0.8)	(2.7)	-	-
Amounts repaid/(borrowed)	3.1	-	(3.1)	-
Amounts lent	-	-	-	-
Income from recharges	0.1	-	-	-
Expenses from recharges	-	-	-	-
At 31 December 2018	(54.0)	(75.8)	1.3	-

Company	Amounts owed to parent company	Amounts owed to subsidiaries	Amounts owed by subsidiaries	Amounts owed to other related parties
	£m	£m	£m	£m
At 1 January 2017	(172.8)	(58.7)	347.7	(69.5)
Loan interest	(4.1)	-	-	(2.5)
Amounts repaid/(borrowed)	138.4	-	(27.8)	-
At 31 December 2017	(38.5)	(58.7)	319.9	(72.0)
Loan interest	(0.8)	-	-	(2.7)
Income from recharges	0.1	-	-	-
Amounts repaid/(borrowed)	-	-	(29.5)	-
At 31 December 2018	(39.2)	(58.7)	290.4	(74.7)

Income and expenses from recharges includes salaries, commission, management fees and other costs.

Transactions between Group undertakings occur in the normal day to day trading of the business and are not subject to interest and have no fixed date of repayment, with the exception of the borrowing facilities disclosed in note 17.

27. POST BALANCE SHEET EVENTS

Post year end, Management have taken the decision to close the operations of one its Core Casinos based in Leith, Scotland. This is not expected to have a material impact on the Group's operations.

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FOR THE YEAR ENDED 31 DECEMBER 2018**

28. ULTIMATE CONTROLLING PARTY

The immediate parent undertaking is Genting International Investment (UK) Limited. The ultimate parent undertaking and controlling party is Genting Berhad, a company incorporated in Malaysia and whose shares are listed on the Bursa Malaysia.

Genting Berhad is the parent undertaking of the largest group of undertakings to consolidate these financial statements, at 31 December 2018. Genting Malaysia Berhad is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2018. The consolidated financial statements of Genting Berhad and Genting Malaysia Berhad are available from 24th Floor, Wisma Genting, 28 Jalan Sultan Ismail, 50250, Kuala Lumpur, Malaysia.